Tuition and Financial Aid Incentives for Improving Graduation Rates

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In the following report, Hanover Research examines tuition models and financial incentive programs currently used by institutions to increase four-year graduation rates and improve the affordability of a college degree. This report also considers the weight of high cost-high discount versus low cost-low discount approaches in attracting students to attend an institution, and presents profiles of tuition and incentive programs currently in place at four institutions.

HANOVER RESEARCH

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EXECUTIVE SUMMARY AND KEY FINDINGS

Financial incentives for students to achieve on-time graduation have become popular among both public and private higher education institutions over the last decade. These initiatives not only battle the rising cost of an undergraduate degree for many students and families, but also the problem of declining four-year graduation rates at institutions across the country. These issues are closely intertwined, as additional semesters in college can quickly create a considerable financial burden on students and hinder degree completion. In this report, Hanover Research (Hanover) examines tuition models and financial incentive programs currently used by private and public universities to increase four-year graduation rates and improve the affordability of a college degree. The report comprises two sections:

- **Section I** reviews the literature on tuition and financial aid models, considers how high tuition-high discount versus low tuition-low discount approaches impact students' choice to enroll at an institution, and examines trends in tuition models used by private non-profit and public institutions. Special attention is given to how these models impact graduation rates.
- **Section II** presents profiles of tuition and incentive programs in place at four institutions aiming to improve graduation rates and the affordability of bachelor's degrees.

KEY FINDINGS

- **Tuition freezes, tuition reduction, fast-track degree programs, and four-year graduation guarantees are among the most popular tuition incentive models being used by private non-profit institutions,** according to the National Association of Independent Colleges and Universities. These models are intended to improve affordability, increase graduation rates, and attract more students to enroll. Many public institutions are also developing unique tuition incentives, such as an on-time completion bonus, reduced tuition for non-traditional course schedules, or a free final semester for students on track to graduate in four years.
- **Although high cost-high aid tuition discounting is a widespread practice among private institutions, recent studies show that its effectiveness may be decreasing and that it is not a sustainable practice.** Studies suggest that families are becoming more price-sensitive, and may prefer more straightforward pricing that does not include complicated financial aid packages. A small but growing number of private institutions have elected to turn away from the high cost-high aid model, and are instead reducing both tuition and financial aid.

- **Four-year graduation guarantees have gained popularity among public and private institutions, but they typically have very low utilization among students.** Low participation in four-year graduation guarantee programs suggests that implementing this type of incentive is unlikely to have a large impact on the institution's overall graduation rate. However, in schools with adequate student interest, a graduation guarantee program can have a significant positive impact on student retention and graduation rates among participants.
- **Many institutions employ more than one approach to improve graduation rates through financial incentives.** For example, Ball State University implemented a four-point plan to increase affordability and improve graduation rates in 2011, including reducing the number of credit hours required for a bachelor's degree, allowing students to enroll in online courses at no additional charge, reducing the cost of summer school, and offering a $500 completion scholarship to students graduating in four years or less. The university now has the most improved four-year graduation rate in Indiana and the third highest graduation rate in the state.
- **Institutions can motivate students to graduate on time through rewarding students for meeting achievement criteria and/or implementing disincentives for behavior that delays degree completion.** For instance, Texas residents receive a tuition rebate for completing their degree with no more than three credit hours over the minimum required, and students who accumulate more than 30 credits beyond the minimum requirement lose their in-state tuition rate for the remaining credits.
- **In addition to financial incentives for on-time graduation, the Center for College Affordability and Productivity suggests a number of social and administrative approaches that can increase on-time graduation.** Improved student counseling can change preconceptions about the college experience and encourage on-time graduation. Ensuring that required courses are available to students and increasing the use of facilities during off-peak class schedules may also help students to fulfill degree requirements on time.

SECTION I: TUITION AND FINANCIAL AID MODELS

A 2013 survey of freshmen by the Cooperative Institutional Research Program (CIRP), a unit of the Higher Education Research Institute at UCLA, revealed that cost has become increasingly important in how students select a college.[1] Many students cited "inadequate aid and higher costs" as reasons for turning down acceptance at their first choice institution, and nearly 60 percent of students who turned down acceptance to their top choice institution chose to enroll elsewhere because of a better financial aid package. The role that tuition and financial aid plays in attracting students to a particular higher education institution is clearly growing. On the institutional side, both public and private institutions have begun experimenting with tuition and financial aid packages as a way to boost student enrollment, retention, and graduation rates.

In this section, Hanover Research examines what tuition models are currently being used by private and public higher education institutions to attract students and improve graduation rates. First, a review of the literature on tuition and financial aid models provides the landscape of current approaches and recommendations for institutions revising their tuition and aid structures. Next, Hanover considers the importance of high tuition-high discount approaches versus low tuition-low discount in attracting students to attend an institution. Finally, we examine trends in tuition models used by private non-profit and public institutions, with special attention given to the effect of particular models on attracting new students and improving graduation rates.

LITERATURE REVIEW

Many students mention financial considerations as a key concern when applying to and selecting a higher education institution. Not surprisingly, a student's financial investment in postsecondary education is directly linked to the amount of time it takes them to complete their degree. However, the Center for College Affordability and Productivity (CCAP) notes that many students are not graduating from four-year degree programs on time, constituting a "major problem" in higher education today.[2] According to a National Center for Education Statistics (NCES) survey of bachelor's degree completion rates for first-time students from 2004 to 2009, only 38 percent of students continuously enrolled in a four-year bachelor's degree program at a public institution completed their degree in four years or less.[3] Students at private institutions fared better, with 60 percent of students completing their bachelor's degree in four years or less.[4]

[1] Eagan, K., et. al. "The American Freshman: National Norms Fall 2013." Cooperative Institutional Research Program at the Higher Education Research Institute at UCLA.

[2] Vedder, R., et. al. "25 Ways to Reduce the Cost of College: #15: Encourage Timely Degree Completion." Center for College Affordability and Productivity. http://www.centerforcollegeaffordability.org/uploads/25_Ways_Ch15.pdf

[3] "Six-year Attainment, Persistence, Transfer, Retention, and Withdrawal Rates of Students Who Began postsecondary Education in 2003-2004. U.S. Department of Education, July 2011. Table 7.3A, p. 353. http://nces.ed.gov/pubs2011/2011152.pdf

[4] Ibid., Table 7.4A, p. 360.

Researchers from the Population Studies Center at the University of Michigan Institute for Social Research found that the longer time to degree completion is associated with a slower accumulation of college credits, rather than an increase in the number of credits earned by students.[5] Possible explanations for increased time to degree include:[6]

- Academically underprepared students who require additional time to meet basic degree requirements;
- A supply-side constraint on adequate resources per student, limiting the availability of course offerings and slowing fulfillment of degree requirements; and,
- The increased cost of college has encouraged more students to work while in college to finance their education, thus reducing the rate of credit attainment.

CCAP estimates that each extra year of schooling costs an average of $6,585 to students in tuition per year, and $5,409 to taxpayers per student per academic year. Delayed graduation rates can also cause problems at the institutional level, including increased difficulty forecasting budgets, larger base-level class sizes, and the "crowding out" of new students because current students are taking longer to move through the system.[7]

The Lumina Foundation—the nation's largest independent, private foundation for increasing American success in higher education—has proposed a four-step agenda to help higher education institutions address productivity issues that inhibit them from graduating more students.[8] One major tenet of the agenda to improve institutional productivity is through student incentives that use tuition and financial aid agreements to encourage on-time graduation. In particular, the Lumina Foundation states that "students receiving need-based financial aid could be better motivated to complete courses and degrees if completion incentives were built into their awards packages."[9]

Institutions can motivate students to graduate on time through **rewarding students for meeting achievement criteria** or **disincentivizing behavior that increases the financial burden to the public of subsidizing higher education institutions.**[10] For example, Texas students who complete college-level courses in high school or elsewhere before enrolling in a college or university, or who graduate with no more than three credit hours over the minimum required for their degree at an in-state four-year public institution, are eligible for tuition rebate incentives.[11] Furthermore, in-state students at Texas colleges who have accumulated excessive credit hours (30 or more credit hours beyond the minimum degree requirement) are charged out-of-state tuition, as the institution loses state subsidies for additional credit-bearing courses these students enroll in.

[5] Bound, J., M. Lovenheim, and S. Turner. "Understanding Decrease in Completion Rates and Increase in Time to Degree." Population Studies Center. p. 3-4. http://www.psc.isr.umich.edu/pubs/pdf/rr07-626.pdf
[6] Ibid., p. 4-5.
[7] Vedder et. al., Op. cit., p. 126.
[8] "College Productivity: Four Steps to Finishing First." Lumina Foundation. http://www.luminafoundation.org/publications/Four_Steps_to_Finishing_First_in_Higher_Education.pdf
[9] Ibid., p. 13.
[10] Ibid.
[11] Ibid., p. 14.

The Lumina Foundation also recommends that **when financial aid money is limited, funds should be spent on lower-income students who are at a higher risk to drop out without the financial assistance**.[12] It argues that "financial incentives make the greatest difference for average students who are capable of graduating but also are at risk of dropping out for financial reasons." The Lumina Foundation proposes a number of strategies for incentivizing students to graduate on time through targeted tuition and financial aid, considering both low-income students and the broader student population.

Figure 1.1: The Lumina Foundation's Recommendations for Incentivizing On-time Graduation through Tuition and Financial Aid Packages

APPROACH	STRATEGIES
Create student-centered aid policies that target dollars efficiently.	States are better positioned than colleges and universities to use financial aid to ensure completion for the largest number of low-income students. When financial aid is distributed by institutions, it's often spent to bid for the "best students academically rather than to attract students who financial need is greatest; however, research has shown incentives for students with fewer available resources benefits them more than other students by increasing college access and degree completion.
Fund student success, not just enrollment, with aid programs, including aid to needy students.	Financial aid should explicitly promote student completion. Need-based aid programs that encourage students' academic preparation and push them to reach early milestones—such as earning the first 15 to 30 credits toward a degree—help remove known barriers to completing degrees.
Eliminate tuition or financial aid policies that discourage students from receiving academic credit through innovative, cost-effective academic delivery models.	Pricing policies should promote participation in online, blended, and other non-traditional academic delivery models that can accelerate learning or facilitate cost-effective education. At many public institutions, online courses and programs are priced higher than traditional instruction even though the marginal cost of providing such instruction can be significantly lower. Financial aid policies should treat similar learning opportunities similarly. In addition, student fees for awarding credit for prior learning demonstrated through testing, portfolios, and other means should be discounted to the extent possible.
Target the largest financial incentives to those students least able to pay.	Financial incentives are likely to have the largest impact on high-need students. For example, Louisiana's Opening Doors program targeted scholarships to lower-income single parents who typically must give up significant income to enroll in and complete college courses. Spread more widely among all students, the scholarships would likely have had less impact and been more expensive to administer.
Ask for evidence.	Colleges should widely share evidence of cost savings as well as patterns in enrollment and completion. Financial aid administrators and institutional researchers should cooperate closely and share data to enable honest evaluations of tuition and aid programs. Policy makers should use this information when writing budgets.

Source: The Lumina Foundation[13]

[12] Ibid., p. 13.
[13] Text taken verbatim from: "College Productivity: Four Steps to Finishing First." Op. cit.

In addition to the strategies outlined by the Lumina Foundation, CCAP proposes a number of financial, administrative, and social approaches that can be implemented at the student, institutional, and government levels to encourage on-time graduation for students. Some recommendations start with basic student counseling to change preconceptions about the college experience—for example, educating students on the financial impacts of delayed graduation and explaining that taking a full-time course load does not necessarily mean a student will graduate on time if courses are not meeting degree requirements. Others focus on improving administrative policies for course requirements and class scheduling, or using financial incentives to motivate students.

Figure 1.2: CCAP Recommendations for Encouraging On-Time Degree Completion

Approach	Strategies
Student Level Recommendations	
Reduce Number of Students Changing Majors	With approximately 60 percent of undergraduates changing majors at least once, this can be a major hurdle to graduating on time. Policies that reduce the frequency of switching majors could improve on-time degree completion.
Change the Attitude Toward Delayed Graduation	There is a growing attitude among students that graduating in five or more years is the norm or not a major concern. While the additional year may provide an opportunity to extend the college experience, students should be counseled that the increased debt of tuition can have long-term consequences.
Institutional Level Recommendations	
Change Course Requirements and Availability for Degree Completion	When courses are required, they should be readily available. It is a deterrent to on-time completion if core courses are offered in limited quantities and at inconvenient times. Furthermore, extensive general education classes can become a stumbling block for students, especially transfer students coming from a college that had different requirements.
Cap Enrollment to Encourage Timely Completion	Institutions could alter their enrollment policies to encourage departments to graduate their students on time. For example, institutions could hold departments and individual professors responsible for the timely success of their students by limiting acceptance of new students to the program until older students have completed their degrees.
Remove the Credit Cap After Freshman Year	Most colleges have a limit of 18 to 21 credit hours per semester to prevent students from burning themselves out or over-committing themselves. This may be necessary for first-year students, but older students may be able to decide if they can handle additional credits. Alternatively, students could be allowed to enroll in more classes under the guidance of an advisor in their field.
Explain that Full-time Status Does Not Mean On-Time Graduation	The concept of full-time status at a university is often viewed as a minimum requirement for graduation, but in reality it does not guarantee on time graduation. Universities should help students focus on ensuring that their schedule of courses will help them fulfill the requirements for graduation.
Establish and Encourage Use of Exploratory and Guidance Programs	Programs should be established and maintained that help guide students into their areas of relative strength. Guidance counselors, information sessions, and even general education and survey classes are not as effective as they could be when they are not properly utilized by the students.
Increase the Use of Facilities Through Off-Peak Class Schedule Incentives	Many universities have classrooms that are dormant throughout most of the week during off-peak class hours. Through the implementation of discounts or other incentives for summer, evening, or less popular Friday courses, the classrooms can be utilized and students will be more inclined to fill gaps in their requirements outside of the normal semester.

Approach	Strategies
Government Level Recommendations	
Tie Institutional Aid to On-Time Graduation Rates	Government agencies should place restrictions on aid given to institutions who fail to graduate their students on time. Currently, colleges can receive state funding for the same student for as long as they are enrolled. If a cap of four or five years of full time attendance was put in place, institutions would have more incentive to ensure that students are progressing towards their degree.
Incentivize Students	The government could also provide incentives to encourage students to graduate on time, such as limiting aid to a specific length of time or number of credits. Another option would be to restrict in-state tuition to students who exceed the required number of credit hours for a degree by a significant amount.

Source: CCAP[14]

Reconsidering High Cost-High Aid Tuition Models

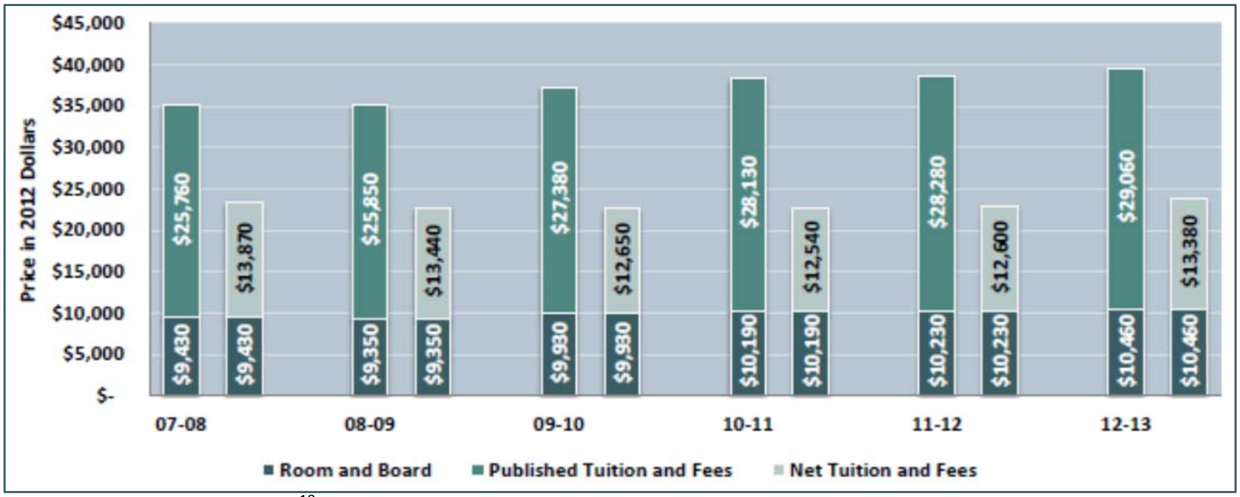
The Current State of Tuition at Private Non-Profit Institutions

Over the past 30 years, tuition and fees at private, four-year institutions have increased 167 percent, while tuition and fees for in-state students at public institutions rose 257 percent.[15] In the last decade, tuition and fees at private institutions increased by 2.4 percent annually and rose by an average of 5.2 percent per year at public institutions. Even though tuition and fees at private institutions have historically increased at a slower rate than those of public institutions, this fact is often lost in the comparatively high sticker price of private tuition. Any increase in tuition is a concern for price-conscious students and families, and nearly 72 percent of students at private institutions saw their tuition and fees increase between 3 and 6 percent in 2012.[16]

While a private institution's sticker price is important, it fails to capture the real price most students ultimately pay. Typically, a significant percentage of students receive financial aid from the institution itself in the form of institutional grants. *Net tuition*, the actual price a student pays after financial aid has been applied to the published price, is often significantly lower than the published price. Generally speaking, as the published price increases, so does the amount of institutional aid. In the 2012-2013 academic year, the average full-time undergraduate student enrolled at a private non-profit four-year institution pays $13,380 in net tuition and fees, plus $10,460 in room and board, for a total net price of about $23,840.[17] Figure 1.3 shows trends in published expenses and net expenses for students at private universities from 2007 to 2013.

[14] Recommendations paraphrased from: Vedder et. al., Op. cit., pp. 127-130.
[15] "Trends in College Pricing: 2012." The College Board. p. 14.
http://trends.collegeboard.org/sites/default/files/college-pricing-2012-full-report_0.pdf
[16] Ibid., p. 13.
[17] Ibid., p. 20.

Figure 1.3: Published Tuition and Fees and Room and Board vs. Net Tuition and Fees and Room and Board, 2007-08 to 2012-13



Source: The College Board[18]

TUITION DISCOUNTING

Institutional grant aid is the main type of aid used to lower a student's tuition. Using institutional grant aid, private colleges and universities can heavily discount their published price to attract more students. Indeed, many private institutions would find it impossible to enroll enough students at their published prices, and these discounts bring in students who either could not afford, or would not pay, the full price of tuition.[19] However, many institutions also rely on tuition as a main source of revenue, and must offer increasingly higher financial aid packages to enroll more students and generate more revenue. This leads to a "high cost-high aid" model in which tuition and tuition discounts continually rise in tandem. The ratio of tuition discounts to tuition itself, or the discount rate, has been on an upward trend in recent years, as presented in Figure 1.4 on the following page.

Although tuition discounting is a widespread practice among private institutions, recent studies show that its effectiveness may be decreasing, and that administrators are increasingly questioning its sustainability. While a higher discount rate benefits students, private institutions are essentially "spending more to enroll students and getting less cash from them."[20] Many private university business officers recognize that their tuition discounting practices are unsustainable and that reducing their university's discount rate will be an important factor in increasing revenue, according to a 2012 survey by *Inside Higher Ed*.[21]

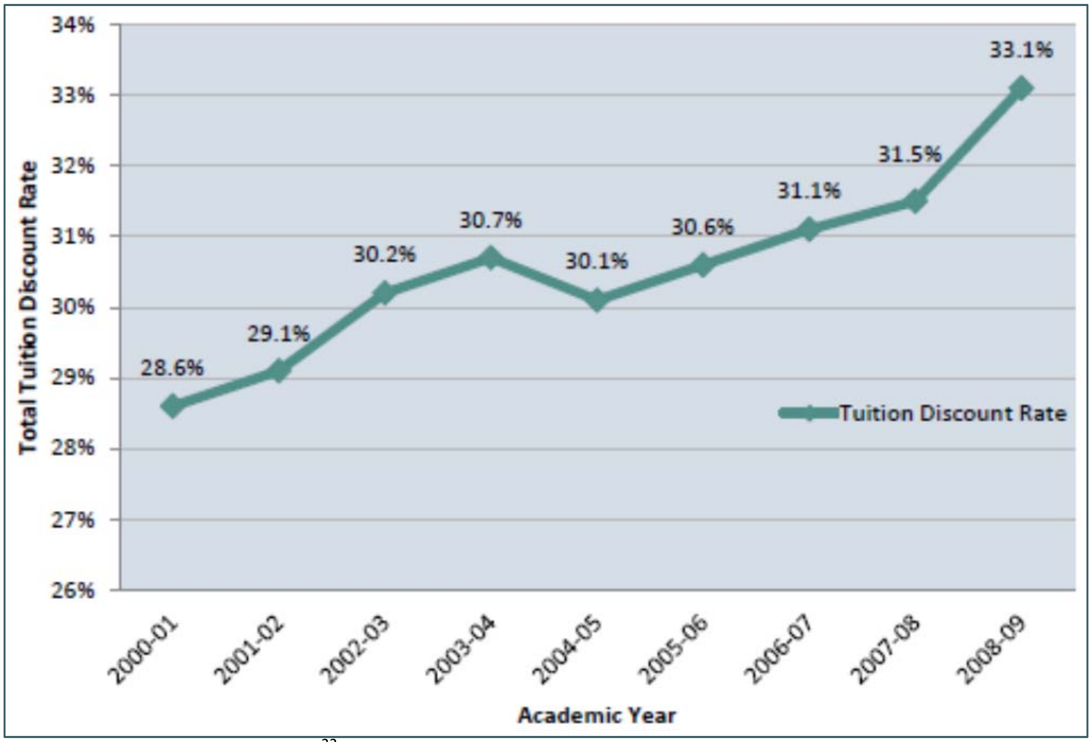
[18] "Trends in College Pricing: 2012." Op. cit.

[19] Baum, S., L. Lapovsky, and J. Ma. "Tuition Discounting: Institutional Aid Patterns at Public and Private Colleges and Universities, 2000-01 to 2008-09." The College Board, 2010, p. 2. http://advocacy.collegeboard.org/sites/default/files/10b_1976_TuitionDiscountReport_Int_WEB_100910.pdf

[20] Selingo, J. "The Fiscal Cliff for Higher Education." The Chronicle of Higher Education, August 12, 2012. http://chronicle.com/blogs/next/2012/08/12/the-fiscal-cliff-for-higher-education/

[21] Green, K. "The 2012 Inside Higher Ed Survey of College & University Business Officers." Eds. Scott Jaschik and Doug Lederman. Inside Higher Ed, 2012, pp. 22, 26, and 29.

Figure 1.4: Total Tuition Discount Rate at Private Institutions, 2000-01 to 2007-08 (and Preliminary 2008-09)



Source: The College Board[22]

As institutions are reconsidering the sustainability of tuition discounts, there are also growing concerns that the strategy is losing effectiveness. In its most recent tuition discounting study, which surveyed 400 private institutions, the National Association of College and University Business Officers found that despite increasing tuition discounts, over half of all surveyed institutions saw no change or a decline in new student enrollment.[23] While tuition increases traditionally did not discourage students from enrolling, as long as higher tuition was coupled with higher tuition discounts, recently students and families have begun to change the way they shop for postsecondary education.[24] **Studies suggest that families are becoming more price-sensitive, and may prefer more straightforward pricing that does not include complicated financial aid packages**.[25]

[22] Baum, Lapovsky, and Ma, Op. cit., p. 4.
[23] Biemiller, L. "Tuition Discounts Rise Again, but Their Effectiveness Lags." *The Chronicle of Higher Education*, April 5, 2012. http://chronicle.com/article/Tuition-Discounts-Rise-Again/131439/
[24] Townsley, M. "Has Tuition Discounting Lost Its Mojo?" Stevens Strategy, May 10, 2012. http://www.stevensstrategy.com/higher-education-policy-practice/has-tuition-discounting-lost-its-mojo/
[25] Davis, N. P. "Demand Drives Discount Rates." National Association of College and University Business Officers, June 2013. http://www.nacubo.org/Business_Officer_Magazine/Magazine_Archives/June_2013/Demand_Drives_Discount_Rates.html

TUITION REDUCTIONS

A small but growing number of private institutions have elected to turn away from the high cost-high aid model, and are slashing both tuition and financial aid. The National Association of Independent Colleges and Universities (NAICU) identified 24 private non-profit institutions that have reduced tuition rates for students since 2008, with 75 percent of cuts occurring after 2011. Institutions like Ashland University, Concordia University-St. Louis, and Belmont Abbey College announced across-the-board cuts in undergraduate tuition of around 33 percent in 2013.[26] Others are discounting tuition during off-peak enrollment periods such as summer semesters,[27] for specific academic programs,[28] or for alternative course delivery formats.

Over half of college-bound high school seniors rule out colleges based on sticker price alone.

As this is a relatively new practice, there is little data showing how these cuts are affecting enrollment and revenues over the long term. While it is difficult to pinpoint concrete trends and common drivers leading private institutions to reduce tuition, "sticker shock" for middle-need students and regional competition are two likely factors. A study by the College Board in early 2012 found that over half of the college-bound high school seniors surveyed reported ruling out college on the basis of sticker price alone, without considering the amount of financial aid they were likely to receive.[29] This trend is strongest in middle-income families, where 62 percent of students excluded colleges from consideration on the basis of sticker price, in comparison to 58 percent of lower-income students, and 48 percent of more affluent students.

Moreover, many institutions that have cut tuition in recent years have a limited national profile and compete more heavily with regional institutions, both public and private, for local students. For example, Sewanee—The University of the South, a relatively well known private institution in Tennessee, noted that it was losing students in head-to-head competition with regional public competitors like the University of Tennessee, University of Georgia, University of North Carolina, and University of Virginia.[30] This regional competition factored heavily into the institution's decision to reduce tuition costs in 2011. The 10 percent reduction brought Sewanee's tuition more in line with the out-of-state tuition costs of one of its regional competitors, the University of Georgia.

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[26] "Enhancing Affordability: New Affordability Measures at Private, Nonprofit Colleges and Universities." National Association of Independent Colleges and Universities. http://www.naicu.edu/special_initiatives/affordability/about/#Tuitioncuts13

[27] E.g., "Tuition Freeze & Four-Year Guarantee." Burlington College. https://www.burlington.edu/content/burlington-college-announces-four-year-tuition-guarantee

[28] Regent University reduced tuition for the MBA program by 24% and online undergraduate tuition by 20%. "Tuition Reductions Help Increase College Affordability." Regent University. http://www.regent.edu/news_events/?article_id=1351&view=full_article

[29] "StudentPoll: A Majority of Students Rule Out Colleges Based on Sticker Price." The College Board and Art & Science, LLC, 9:1, September 14, 2012. http://www.artsci.com/studentpoll/v9n1/index.html

[30] Lewin, T. "Bucking Trend, College Will Cut Price." *New York Times*, February 16, 2011. http://www.nytimes.com/2011/02/17/education/edlife/17tuition.html?_r=0

Declining enrollment caused the University of Charleston (Charleston, WV) to cut its tuition. When the institution saw enrollment decline for the first time in a decade, it reduced tuition by 22 percent. Dr. Edwin Welch, the University president, confirms the change in students' and families' attitudes regarding high-priced private tuition:[31]

> We realized parents and families were now considering the overall price, not just the discount [financial aid and scholarships] they would be able to get. As universities we tend to market education the same way Joseph A. Banks advertises clothes, thinking the advertised price is not that important but the discounts are the most important part. But that's what is driving middle-class students away.

The University of Charleston states that it is paying for the cuts by sharing professors with other colleges in the region, by graduating students early, and by cutting financial aid.
The tuition reduction has already paid some dividends. Dr. Welch states:[32]

> So far, the reaction from parents and students has been very positive . . . applications are up nicely in our primary markets – West Virginia, Virginia, Maryland, Pennsylvania, and Kentucky. Total applications are ahead of our two-year average but slightly behind last year. More importantly, our deposits are up 40%. This suggests that students and families who look at us are finding the new tuition structure attractive and are depositing at a higher rate than previously.

Many institutions have voiced their desire to switch to a "lost-cost low-aid" model, cutting both tuition and financial aid to adopt a more sustainable tuition model. However, phasing in institutional aid cuts can be complex. For example, while Sewanee received positive publicity for cutting its tuition by 10 percent, many of its students and families were displeased that their existing financial aid packages were reduced.[33] Sewanee helped finance its 10 percent tuition cut by scaling back institutional aid.

It is important to note that it may take some time to recoup revenue lost to tuition cuts. Overall, Sewanee's tuition cuts mean the institution will forego \$6-\$8 million in tuition revenue over the next few years. The university may need to rely more on its endowment during this time, a factor that small institutions with modest endowments must consider.

Furthermore, presidents at the University of Charleston and Roger Williams University that tuition reduction plans could "backfire." A survey conducted on behalf of Roger Williams University suggested that parents and students preferred the high cost-high aid model two-to-one. In particular, parents did not want to miss the opportunity of "winning the jackpot" and receiving a higher aid package.[34]

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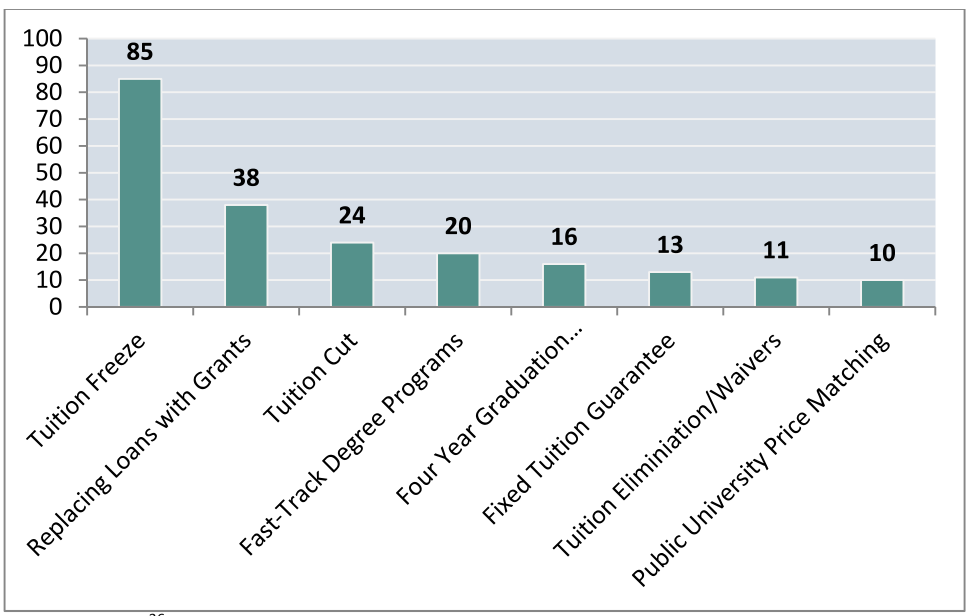
[31] Ellis, B. "University of Charleston: How We Cut Tuition by 22%." CNNMoney, February 7, 2012. http://money.cnn.com/2012/02/07/pf/college/university_charleston_tuition/index.htm
[32] Ibid.
[33] Trevizo, P. "Scholarship Cuts Upset Students at Sewanee: University of the South." Chattanooga Times Free Press, September 25, 2011. http://www.timesfreepress.com/news/2011/sep/25/scholarship-cuts-upset-sewanee-students/
[34] Rivard, R. "Paper (Tuition) Cuts." Inside Higher Ed, September 16, 2013. http://www.insidehighered.com/news/2013/09/16/small-private-colleges-steeply-cut-their-sticker-price-will-it-drive-down-college#sthash.xYprXFPC.AnmGGlEF.dpbs

TRENDS IN TUITION MODELS AT PUBLIC AND PRIVATE NON-PROFIT INSTITUTIONS

The vast majority of private institutions have not cut tuition, but nonetheless are implementing other affordability measures to rein in tuition costs. Some of the more popular measures include tuition freezes, replacing loans with grants, fast-track degree programs, and fixed tuition guarantees. The motives behind such affordability measures are as diverse as the measures themselves. Some measures, like tuition eliminations, are aimed at enrolling more high-need students. Others, like the fast-track degree program, are aimed at helping students graduate at an accelerated pace and reducing the overall financial investment for postsecondary education.

Figure 1.5 presents the number of initiatives in each category that were implemented or announced by private institutions between 2008 and 2014.[35] Only categories with 10 or more occurrences in this time frame are included below. Hanover's examination of tuition models in place at private non-profit institutions will focus on the five most popular types of initiatives: tuition freezes, replacing loans with grants, tuition cuts, fast-track degree programs, and the four-year graduation guarantee.

Figure 1.5: Affordability Initiatives Implemented or Announced by Private Institutions, 2008-09 to 2013-14



Source: NAICU[36]

Note: Some private institutions have instituted more than one type of affordability measure. For example, some have made both tuition guarantees and four-year graduation guarantees. Also, a small number of institutions had these measures in place before 2008, while others have announced that they will start them in 2013-14.

[35] "Enhancing Affordability." Op. cit.

[36] Ibid.

Tuition Freezes

Tuition freezes are the most common measure used by private institutions to enhance affordability for students, according to the NAICU.[37] The average annual percentage increase in tuition, fees, and room and board at public and private non-profit four-year institutions has been between 2 and 4 percent over the last 30 years, allowing institutions to account for inflation and other rising expenses.[38] However, under a tuition freeze, institutions promise not to raise tuition for its students over a certain period of time. Some colleges promise a tuition freeze for a limited term of one or two years, while others may implement a tuition "lock" that applies to an entering class for four years.[39] Tuition freezes allow students and their families to forecast more accurately what a college degree will actually cost them, and to better plan for the financial commitment.[40] Usually, students must remain continuously enrolled in order for a four-year tuition freeze to apply, an incentive for students to stay on track in earning their degree on time and without interruption.

Both public and private institutions are considering tuition freezes not only to enhance affordability, but also to encourage on-time graduation for their students. For example, Indiana University—Bloomington, a public university, has implemented a tuition freeze for juniors and seniors who are on track after their sophomore year to finish their degree programs within four years.[41] The university's president, Michael McRobbie explained:[42]

> We have clearly heard the message from our students and their families that cost matters to them when it comes to pursuing a college degree, but **any efforts to keep an IU education affordable also must include efforts to improve on-time graduation rates**, which also effectively lowers the cost of earning a degree. [emphasis added]

However, tuition freezes and locks come with a certain amount risk for higher education institutions, and may not be the right decision for every university.[43] Tuition freezes run the risk of loss of revenue if the expected increase in demand is not met. Some universities "front-load" tuition increases that may have otherwise been spread over four years, and may require a substantial raise in the amount of financial aid necessary to offset the sticker shock of a large first-year increase. Furthermore, it is unclear how a bump in tuition after the four-year threshold may affect students who study abroad, double major, or engage in other academic enrichment activities that may prevent them from realistically graduating in four years.

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[37] Ibid.

[38] "Average Rates of Growth of Published Charges by Decade." The College Board. http://trends.collegeboard.org/college-pricing/figures-tables/average-rates-growth-tuition-and-fees-over-time

[39] "The Risks of Tuition Freezes and Locks." Art & Science Group, LLC, 1:2, 2008. http://www.artsci.com/market/MIB%20Tuition.pdf

[40] Hopkins, K. "Colleges Cut, Freeze Tuition for Fall 2013." *U.S. News and World Report*, October 19, 2012. http://www.usnews.com/education/best-colleges/paying-for-college/articles/2012/10/19/colleges-cut-freeze-tuition-for-fall-2013

[41] Ibid.

[42] Ibid.

[43] "The Risks of Tuition Freezes and Locks." Op. cit.

REPLACING LOANS WITH GRANTS

Replacing loans with grants is another affordability approach that is popular among private universities to help students graduate with low or no debt from tuition and college expenses. It appears that this approach was first adopted by elite national universities such as Northwestern, Duke, Princeton, and Yale in 2007 and 2008; however, public flagship universities like the University of Virginia and the University of Maryland have joined the movement as well.[44]

Replacing grants with loans usually targets the most high-need students for aid, allowing them to graduate virtually debt-free. Sometimes replacing loans with grants option is only offered to in-state students, or institutions may offer a combination of loans and grants with a cap on the amount of loans families under a certain income level are required to pay. For example, Emory University in Atlanta has capped the four-year loan debt for families earning less than $100,000 at a contribution of $15,000.[45] While replacing grants with loans reduces the financial burden of students and thus increases the likelihood of graduation for some students, [46] there does not appear to be any information that suggests an explicit relationship between this practice and improving the time to graduation rate.

The University of Iowa has implemented free summer classes to help raise the four-year graduation rate.

TUITION CUTS

As mentioned in the above section on tuition reduction, some universities are implementing large tuition cuts that will move away from the high cost-high aid model and bring the sticker price more in line with the actual cost of attendance.[47] For instance, at Concordia University—St. Paul, a private university in Minnesota, tuition was reduced by 33 percent from $29,700 to $19,700 for students in the fall of 2013.[48] Most of the tuition cut will be financed by reducing financial aid awards such as small athletic scholarships and some merit aid.

Tuition reductions can be implemented in many ways, including across the board cuts, tuition reductions targeting a particular school or academic program area, or discounting classes during summer terms or courses meeting outside traditional class hours. For

[44] De Vise, D. "Colleges replacing loans with no-pay grants for neediest students." *The Washington Post*, July 10, 2011. http://www.washingtonpost.com/local/education/colleges-replacing-loans-with-no-pay-grants-for-their-neediest-students/2011/07/01/gIQANWNv7H_story.html

[45] Ibid.

[46] Reyes, K. and X. Ye. "Awarding Merit Aid to Underrepresented Minority Students: An Examination of Institutional Behavior and Students' College Choice." University of Michigan, February 28, 2014. pp. 7-8. http://www.aefpweb.org/sites/default/files/webform/39th/Reyes%26Ye_2014_Institutional%20grant%20aid_Feb28.pdf

[47] Hopkins, Op. cit.

[48] Ibid.

example, Duquesne University, a private institution in Pittsburgh, offered a 50 percent discount on tuition and fees for freshmen students entering the School of Education in 2012, an offer that would be good for all four years in the program.[49]

A number of public and private institutions have targeted summer classes as a key area for tuition reduction that could have positive effects on improving on-time graduation rates.[50] Ball State University in Indiana cut the tuition for its summer courses by 18 percent to encourage students to enroll in summer classes to stay on track for graduation.[51] In 2014, freshman students entering the University of Iowa will be able to take summer classes free of charge.[52] The Board of Regents at the University of Iowa implemented the initiative as a major part of the university's goal to raise the four-year graduation rate from 48 to 50 percent by 2016. The program is especially useful for students who have changed majors and may need extra time to earn required credits in their new major area.

Dominican University of California, a private college, has cut summer tuition by 50 percent over the past few years, and even encourages newly admitted students to begin their studies over the summer before the freshman year begins.[53] During the summer semester, institutions are better able to offer reduced tuition because they often have reduced student services during the summer and there is less financial aid available for summer sessions.

However, an article published by Inside Higher Education warns that tuition cuts "are neither a panacea for small private colleges nor a true solution for the ever-rising costs of higher education in America, according to others who have tried."[54] While many universities expected to draw more students through tuition cuts, the results have been mixed. Ed Welch, the President at the University of Charleston, commented, "It seems for schools that aren't in the high brand category you probably have to reduce your tuition by $10,000 or something really dramatic -- then you're really competing with the publics without public money." While across the board tuition cuts may or may not attract new students, tuition cuts for summer semesters seem to be a common strategy employed by universities trying to improve their four-year graduation rates.

FAST-TRACK DEGREE PROGRAMS

Accelerated degree programs are another way to help reduce student expenses while improving the time-to-graduation. Accelerated three-year degree programs were mentioned as a "promising approach" in the President's plan to make college more affordable, along with Massive Open Online Courses (MOOCs) and flipped or hybrid

[49] "Enhancing Affordability." Op. cit.
[50] Marklein, M. B. "Colleges try to make summer school more viable." *USA Today*, March 14, 2013. http://www.usatoday.com/story/news/nation/2013/03/14/colleges-try-to-boost-summer-school/1988971/
[51] Marcus, J. "Will New Funding Rules Improve Dismal University Graduation Rates?" *Time*, April 25, 2012. http://content.time.com/time/nation/article/0,8599,2113097,00.html
[52] Marklein, Op. cit.
[53] Ibid.
[54] Rivard, Op. cit.

classrooms.[55] Fast-track programs, such as a three-year bachelor's degree, may allow students to compress four years of course work into three years (including summer courses), integrate prior learning or competency-based measures to meet credit requirements, or reduce the overall credit requirements for the degree.[56] These programs often are limited to select majors, provide special advising, and may require students to enroll over summer terms.[57]

For example, Ball State University offers a "Degree in Three" program where students can choose from 30 academic majors and complete requirements over regular and summer semester terms for a tuition comparable to a four-year program. At the University of North Carolina—Greensboro (UNCG), the "UNCG in 3" program requires students to have 12 hours of prior learning credits to participate, but offers students about $9,000 in tuition savings.[58] The American Association of State Colleges and Universities (AASCU) proposes a number of advantages and disadvantages to three-year degree programs, presented in Figure 1.6.[59]

Figure 1.6: AASCU Benefits and Challenges for Three Year Bachelor's Degree Programs

Benefits	Challenges
• Lower opportunity costs for wages forgone while enrolled in school. • Reduced tuition costs. • Improved utilization of high school courses. • Expedited path to graduation, and graduate degree programs. • Improved program structure and predictability of course availability. • Increased institutional productivity, especially during summer and inter-term periods. • Enhanced student recruitment. • Potential alignment with strategic goals or mission statements.	• Limited student appeal. • Potential devaluation of the undergraduate educational experience. • Potentially higher institutional costs for additional courses and advising without additional benefits. • Poor alignment with federal and state student aid programs. • Key changes may be needed for campus operations.

Source: AASCU

The AASCU observes that as a programmatic option, three-year degree programs are most likely to appeal to "a small, motivated share of the student population who are likely to finish college in a timely manner ***regardless*** of the program's length" [emphasis added].[60] Therefore, this may not be an ideal option for improving the graduation rate among all students. However, the AASCU does suggest that competency-based bachelor's degrees and

[55] "FACT SHEET on the President's Plan to Make College More Affordable: A Better Bargain for the Middle Class." The White House Office of the Press Secretary, August 22, 2013. http://www.whitehouse.gov/the-press-office/2013/08/22/fact-sheet-president-s-plan-make-college-more-affordable-better-bargain-

[56] "The Three-Year Bachelor's Degree: Reform Measure or Red Herring?" American Association of State Colleges and Universities, September 2012. http://www.aascu.org/policy/publications/policy-matters/2012/threeyeardegrees.pdf

[57] Ibid., p. 3.

[58] Ibid., p. 4.

[59] Text taken nearly verbatim from headings: Ibid., pp. 5-8.

[60] Ibid.

mandatory year-round scheduling "may hold more promise to expand student access, promote timely degree completion, diminish the rise in college costs, and improve institutions' productivity."[61]

FOUR-YEAR GRADUATION GUARANTEE

The four-year graduation guarantee is an agreement between a university and a student that the student will be able to finish his or her degree in four years, or the university will pay the tuition for additional semesters.[62] Typically, students must sign up to participate, and enter into a formal agreement with the university. Students must fulfill requirements, such as completing prerequisites on time, maintaining good academic standing, and consulting with an academic advisor, to remain eligible for the program. If the university fails to meet the terms of the agreement, for example if required classes are unavailable or a student is not advised properly, it will pay the tuition for the additional semesters needed beyond four years.

The four-year graduation guarantee has come in direct response to the slump in four-year graduation rates at both private and public institutions, although it is most popular at smaller private colleges. Not only do universities want to improve their graduation rates, but four-year graduation guarantees can also be used as a marketing tool for parents who worry their children may want to "stick around for five or six costly years."[63] However, most colleges have a number of caveats to the graduation guarantee. Most will only pay if the delay is due to a problem they caused, such as not offering a required class when the student needed it. Therefore, students who fail courses or change majors late in their college career may not be eligible to receive the free additional semesters.[64] **Still, universities report surprisingly low participation in their four-year guarantee programs**.[65]

In 2013, there were more than 40 colleges offering a four-year graduation guarantee or incentive, including small private colleges like DePauw and Juniata College, and large universities like the University of Minnesota and Pace University.[66] Jacksonville University in Florida introduced the four-year graduation guarantee in fall of 2012 for incoming freshman.[67] In order to qualify, new students must meet the following program requirements such as a minimum GPA, completing 30 credits per academic year, making up credits for any dropped classes, and regular meetings with an advisor.[68] Certain programs like the 3/2 Engineering program are exempt from the four-year guarantee program.

[61] Ibid., p. 9.
[62] Chau, J. "Colleges Offer 4-Year Graduation Guarantees, but Students Show Little Interest." The Chronicle of Higher Education, March 6, 2012. http://chronicle.com/article/Colleges-Offer-4-Year/131086/
[63] Schwarz, A. "Pay for Only 4 Years of College. Guaranteed." *The New York Times*, September 14, 2011. http://www.nytimes.com/2011/09/15/education/15fifth.html?_r=2&
[64] Ibid.
[65] Chau, Op. cit.
[66] Clark, K. "Colleges Offer Four-Year Graduation Guarantees." CNN Money, March 5, 2013. http://money.cnn.com/2013/03/05/pf/college/graduation-guarantees/
[67] "Four-Year Graduation Guarantee." Jacksonville University. http://www.ju.edu/academics/Pages/Four-Year-Graduation-Guarantee.aspx
[68] Bulleted points taken verbatim from: Ibid.

However, the majority of students are eligible for the program. It is unclear what the rate of utilization is among students at Jacksonville University.

OTHER TUITION INCENTIVE PROGRAMS

FREE FINAL SEMESTER

Beyond the strategies mentioned above, many schools are employing alternative incentive programs meant to directly encourage students to graduate on time. For example, the University of Baltimore has struggled with an extremely low four-year graduation rate for first-time full-time freshmen students: only 8 percent graduate on time.[69] In hopes of raising its graduation rate, the University of Baltimore is offering a free final semester of tuition to students in the class of 2018. A semester of tuition for in-state students is currently $3,300, while out-of-state students pay $9,000. While the university is unsure how much the program will cost it, President Robert Bogomolny predicts that the tuition break should pay for itself based on the amount of university resources spent on students who stay in college more than four years.

Union College, a private university in Kentucky, announced a similar program for the Class of 2016.[70] However, this program is limited to students in the Class of 2016, and students must meet a range of requirements to qualify for the free final semester. Students must maintain a GPA of 3.5, serve 75 hours of community service, participate in at least one extracurricular activity, and remain continuously enrolled for all four years.

PER-CREDIT TUITION DISCOUNTS

Beginning in fall of 2013, students at the University of New Mexico are being charged a higher per-credit rate if they are taking less than 15 credits per semester.[71] The discounted tuition charges students about $70 less per credit if they enroll in fifteen to eighteen credits, adding up to more than $600 in savings in comparison to previous semesters. So far, the change has resulted in a more than 20 percent increase in students taking 15 or more credit hours, according to Associate Vice President of Enrollment Management Terry Babbitt.

The University System of Georgia (USG) has also linked tuition incentives with graduation rates through the "Finish-in-Four" initiative. Under this program, institutions charge a flat tuition based on 15 semester hours for all students taking six or more credit hours at participating universities.[72] Therefore, students enrolled in 10 credits per semester will be

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[69] "University of Baltimore to Offer Free Final Semester." *The Baltimore Sun*, March 18, 2014. http://articles.baltimoresun.com/2014-03-18/news/bs-md-ub-free-tuition-20140318_1_complete-college-america-bogomolny-college-students

[70] "Union College offers tuition waiver to Inaugural Class." Union College, January 15, 2013. http://www.unionky.edu/news/union-college-offers-tuition-waiver-inaugural-class

[71] Rivera, R."UNM's Low Graduation Rate Behind Controversial Tuition Plans." CJ375 Reports, December 6, 2013. http://lobo375students.wordpress.com/2013/12/06/unms-low-graduation-rate-leads-to-controversial-tuition-plan/

[72] The University of Georgia, Georgia Institute of Technology, and Georgia College and State University set the minimum at 6 credits for the 15-hr. flat rate charge, with students taking less than 6 credits charged a lower flat rate. At Georgia Regents University, the 15-hr. flat rate tuition is charged for all students taking 10 or more

charged the same amount as a student taking 15 credits per semester, although it will take them two additional years to complete their program. At Georgia Regents University, this results in over $12,000 of additional expenses for a student to obtain the same degree.[73]

FOUR-YEAR COMPLETION BONUS

At the University of North Texas, students can sign up for a flat-rate tuition plan that makes them eligible for a $3,000 reduction in tuition and a $1,000 bonus if they graduate on time.[74] The flat-rate tuition option, called the Eagle Express, freezes tuition rates for four years for Texas residents. If students graduate within four years, the graduation incentives effectively pay the same amount of tuition as if the 2014 tuition rates were frozen for all for years. Students following the regular tuition plan can expect a 3.9 percent tuition hike per year. Room and board is not included in either plan. The University of North Texas' president Neal Smatresk commented that the "Eagle Express is more than a tuition plan, it's a graduation plan. Our ultimate goal is to help students succeed and earn a degree. UNT is committed to strengthening its advising support, course offerings and career path guidance to help students make informed degree choices to graduate in four years."

credits. "Board of Regents Policy Manual, Section 7: Finance and Business." University System of Georgia. http://www.usg.edu/policymanual/section7/policy/7.5.1_banking

[73] "Tuition and Fees." Georgia Regents University. http://www.gru.edu/tuition/announcements/tuition-fees.php

[74] "What will Graduating in 4 years get you? At UNT, up to $4,000." UNT News, March 20, 2014. http://news.unt.edu/news-releases/what-will-graduating-4-years-get-you-unt-4000

Section II: Institution Profiles

In the following section, Hanover profiles tuition and incentive models for improving graduation rates at four public and private institutions. In an effort to present a variety of approaches, Hanover selected three public institutions and one private institution based on their unique or innovative tuition models.

Ball State University

Ball State University (BSU) is a four-year public university in Indiana with an enrollment of about 16,000 undergraduate and 4,000 graduate students.[75] BSU was recognized in 2010 by *The Chronicle of Higher Education* for its efforts in improving the six-year graduation rate of its students.[76] The university ranked sixth among public research institutions for improved graduation rates, raising its rate by 11 points from 2002 to 2008. Moreover, BSU has the most improved four-year graduation rate in Indiana and the third highest graduation rate in the state.[77]

In 2011, BSU implemented a four-point plan to increase affordability and improve the four-year graduation rate at the university.[78] BSU's strategies included:[79]

- Reducing the number of credit hours required for a bachelor's degree from 126 to 120 for most majors;
- Allowing students to take on-line courses as part of the 12-18 credit hour bracket for no additional charge, thus giving students the ability to complete more credit hours for less money and more flexibility in scheduling courses;
- Reducing the cost of summer school; and
- Granting a $500 Completion Scholarship to any resident student who graduated in four calendar years or less.

In addition to these, the university has added three-year degree programs for about 30 academic majors in an effort to boost its four-year graduation rate.[80] The university also charges an extra fee on credit hours after a student exceeds 144 credits.

[75] "Ball State University." bigfuture by The College Board. https://bigfuture.collegeboard.org/college-university-search/ball-state-university
[76] "Graduation Rates Over Time: Public Research Institutions." *The Chronicle of Higher Education*, December 5, 2010. http://chronicle.com/article/Sortable-Table-Graduation/125587/
[77] "Preparing Students. Now." Ball State University. http://cms.bsu.edu/about/roi/preparing-students
[78] "Financial Report: Year Ended June 30, 2013." Ball State University. p. 18. http://www.in.gov/sboa/WebReports/B43301.pdf
[79] Bulleted points taken verbatim from: Ibid.
[80] "Graduation Rates Influence State Funding." Ball State Daily, February 26, 2014. http://www.ballstatedaily.com/article/2014/02/graduation-rates-influence-state-funding

BSU has set yearly target goals for four-year graduation rate improvement as a part of its Strategic Plan progress metrics.[81] These yearly benchmarks will help the university measure its progress toward the goal of reaching a 50 percent four-year graduation rate and a 65 percent six-year graduation rate by 2017. Figure 2.1 presents the annual goals for the four- and six-year graduation rates, as well as BSU data marking real progress toward the 2017 goal.

Figure 2.1: Graduation Rate Benchmarking Data for BSU, 2011-2017

Performance Indicator	2011-12 (Baseline)	2012-13	2013-14	2014-15	2015-16	2016-17
Increase 4-year graduation rate to 50% by 2017	Baseline: 36.3%	Target: 39.0%	41.7%	44.4%	47.1%	50.0%
		Actual: 39.7%	-	-	-	-
Increase 6-year graduation rate to 65% by 2017	Baseline: 56.6%	Target: 58.3%	60.0%	61.7%	63.4%	65.0%
		Actual: 59.6%	-	-	-	-

Source: BSU[82]

Although there is only one year of data available, so far BSU has exceeded both its four-year and six-year graduation rate improvement benchmarks. As BSU has used multiple strategies to improve the graduation rate, it is difficult to tell which approach is most effective. However, it is also possible that the combination of multiple strategies has been the key to addressing low graduation rates.

Ashland University

Ashland University (AU) is a private non-profit liberal arts university in Ohio with an enrollment of about 3,200 undergraduate students.[83] According to data collected by The Chronicle of Higher Education, AU's six-year graduation rate improved from 53 percent to 61 percent over the period from 2002 to 2008.[84] However, AU is still making efforts to attract more students and to graduate these students on time. Their four-year graduation rate has fluctuated between 43 and 48 percent from 2008 to 2012.[85]

For full-time undergraduates enrolled in the fall of 2014, AU is implementing a "tuition reset" that will reduce tuition by $10,000 or about 37 percent.[86] The cut, which signals a

[81] "Strategic Plan Progress Metrics 2012-2017." Ball State University. p. 3. http://cms.bsu.edu/-/media/WWW/DepartmentalContent/AssociateProvost/pdf/Strategic%20Plan%20Progress%20Metrics/Progress%20Metrics%20101813.pdf

[82] Ibid.

[83] "Ashland University." bigfuture by The College Board. https://bigfuture.collegeboard.org/college-university-search/ashland-university

[84] "Graduation Rates Over Time: Public Research Institutions." Op. cit.

[85] "IPEDs Data Center." National Center for Education Statistics. http://nces.ed.gov/ipeds/datacenter/CDSPreview.aspx

[86] "Tuition Reset for 2014-15." Ashland University Admissions. http://www.ashland.edu/admissions/tuition-reset

move from the high cost-high aid model of tuition and financial aid, brings tuition more in line with what the actual cost of attendance is for the typical student.[87] In addition to the tuition reset, AU has also implemented a number of measures intended to address affordability and on-time graduation. The university has:[88]

- Reduced the minimal number of credit hours needed to complete an undergraduate bachelor's degree from 128 to 120.
- Instituted a three-year degree program that will allow students to earn a quality private education in less time and for less money.
- Established a four-year graduation guarantee program that will help keep college costs predictable for families.
- Launched a five-year accelerated accounting degree program that allows students to complete bachelor's and master's programs in less time than it would for separate degrees.

AU offers three-year degree programs for 11 majors in the College of Arts and Sciences and 2 majors in the College of Business and Economics.[89] Students in this program take six semesters of courses during the regular fall and spring academic year, as well as two summer semesters to complete their degree a year early. AU advertises the estimated the savings at $70,000, including $34,000 in savings on a year's worth of tuition, fees, room, and board, and about $35,000 in average income by entering the workforce a year earlier.

The four-year graduation guarantee began at AU with the incoming freshman class in 2012.[90] However, the program has had very low enrollment since it began.[91] Some students have been deterred by the length list of 16 eligibility requirements, which include permitting the university to notify parents of grades, limits on multiple majors, regimented class scheduling, and exclusions for five-year programs. Others simply feel the program is unnecessary because they are confident they will finish on time without it. **Shorter and simpler terms for graduation guarantees may elicit more participation from students**.[92]

[87] "Why We Did It." Ashland University Undergraduate Admissions. http://www.ashland.edu/admissions/tuition-reset/why-we-did-it
[88] Bulleted points taken verbatim from: Ibid.
[89] "3-Year Degree Programs." Ashland University Undergraduate Admissions. http://www.ashland.edu/admissions/majors-programs/3-year-degree-programs
[90] "Four-Year Graduation Guarantee." Ashland University Undergraduate Admissions. http://www.ashland.edu/admissions/majors-programs/4-year-graduation-guarantee
[91] "Four-year guarantee: Ashland University's Four-Year-Graduation-Guarantee promise is not taking off as planned." The Collegian, February 20, 2014. http://ashlandcollegian.com/business/article_6a442696-9a56-11e3-a464-0017a43b2370.html
[92] Clark, Op. cit.

WESTERN ILLINOIS UNIVERSITY

Western Illinois University (WIU) is a four-year public university with an enrollment of about 9,900 undergraduate and 1,800 graduate students.[93] WIU uses several tuition and graduation incentives to motivate students to graduate on time, including a four-year graduation guarantee and a four-year tuition lock.

The graduation guarantee at WIU, known as GradTrac, guarantees that new freshman who enter into the agreement will graduate in four years or get the remaining tuition for free.[94] The program first began in 1998, and now includes over 70 majors.[95] Students can sign up by setting up a meeting with their advisor, and must meet the following requirements to remain eligible for the graduation guarantee:[96]

- Sign the GradTrac Agreement and declare your interest in a specific college or major;
- Maintain an average of 15-16 hours of course work each semester that applies toward degree requirements;
- Meet the GPA defined by your college and/or program;
- Meet regularly with your advisor to review degree progress;

Students can change majors, or add a major or minor, and still remain in the GradTrac program as long as they receive written approval from their advisor.

Of the original cohort of 236 students, more than half graduated early or on time.[97] Typically the program enrolls more than 200 students each semester, anywhere from 13 to 18 percent of each freshmen class. **According to Cindy Draughan, the program coordinator, GradTrac students have a higher retention rate than non-GradTrac students, about 71 percent, and have almost a 100 percent higher graduation rate.**

As a part of the "cost guarantee," WIU freezes the per-hour rate for the year that students enter the program.[98] Room and board expenses are also fixed for a four year period. If a student's selected major requires more than four years to complete, the fixed rate is extended to cover the expected time for degree completion. However, if a student does not complete a regular four year program on time, the tuition, room, and board rates are advanced by one year, meaning students pay at the increased rate set for the class that entered the year after them.

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93 "Western Illinois University." bigfuture by The College Board. https://bigfuture.collegeboard.org/college-university-search/western-illinois-university

94 "Graduation Guarantee (GradTrac)." Western Illinois University. http://www.wiu.edu/student_services/undergraduate_admissions/prospective/guaranteesGraduation.php

95 "On the Fast Track with GradTrac at WIU." Western Illinois University. http://www.wiu.edu/news/newsrelease.php?release_id=941

96 Bulleted points taken verbatim from: "Graduation Guarantee (GradTrac)." Op. cit.

97 "On the Fast Track with GradTrac at WIU." Op. cit.

98 "Cost Guarantee." Western Illinois University. http://www.wiu.edu/student_services/undergraduate_admissions/prospective/guaranteesCost.php

TEMPLE UNIVERSITY

Temple University (Temple) is a large public university located in Philadelphia with an enrollment of about 28,100 undergraduates and 9,000 graduate students.[99] Temple improved its six-year graduation rate from 47 percent to 65 percent between 2002 and 2008.[100] For the Fall 2007 cohort, the most recent cohort for which data is available, about 39 percent graduated within four years, while 66 percent graduated within six years.[101]

In February 2014, Temple President Neil Theobald announced that the university is launching a "Fly in 4" program that will help students control their debt and graduate on time.[102] The initiative includes Fly in 4 grants to students most likely to struggle with college costs, and a four-year graduation guarantee. Moreover, the university has made an effort to limit tuition increases to an average of less than 1.5 percent per year.

The Fly in 4 program targets students who would normally have to work in off-campus employment.

Under the Fly in 4 program, Temple will issue 500 students with demonstrated financial need annual grants of $4,000.[103] The grants are intended to help students who would normally have to work a substantial number of hours in off-campus employment to focus more time on their studies. Theobald notes that studies suggest college students who work more than 15 hours a week during the school year earn lower grades than students working less hours. A student working a minimum wage job would have to work 25 hours a week just to pay for tuition at Temple.

A second facet of the Fly in 4 program is a graduation guarantee in which the university agrees to pay for any remaining classes if a student fulfills all the responsibilities of the program but cannot graduate on time. Under this program, students are required to meet with an academic advisor at least once a semester, register during early registration periods, and must advance in class standing each year. They also must complete a graduation review at or prior to completing 90 credits.[104] Notably, Temple does not exempt programs that require more than four years of coursework from the guarantee, stating that students are simply "expected to graduate on time according to the academic plan for your major."[105]

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[99] "Temple University." bigfuture by The College Board. https://bigfuture.collegeboard.org/college-university-search/temple-university

[100] "Graduation Rates Over Time: Public Research Institutions." Op. cit.

[101] "Common Data Set 2013-2014." Temple University. http://www.temple.edu/ira/documents/data-analysis/common-data/2013-2014.pdf

[102] "Temple creates Fly in 4 initiative to help students control debt." Temple University New Center, February 3, 2014. http://news.temple.edu/news/2014-02-03/temple-creates-fly-4-initiative-help-students-control-debt

[103] Ibid.

[104] "Fly in 4." Temple University Undergraduate Admissions. http://admissions.temple.edu/cost-and-aid/fly-in-4?utm_source=web&utm_medium=link&utm_content=newsrelease&utm_campaign=flyinfour

[105] "Fly in 4 FAQ." Temple University Undergraduate Admissions. http://admissions.temple.edu/cost-and-aid/fly-in-4/fly-in-4-FAQ

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